
DS Flexhal A/S

Samsøvej 2, DK-9500 Hobro

Annual Report for 1 July 2022 - 31 March 2023

CVR No. 41 41 69 98

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 19/9 2023

Simon Bisgaard
Chairman of the
general meeting



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Management's statement

The Executive Board and Supervisory Board have today considered and adopted the Financial Statements of DS Flexhal A/S for the financial year 1 July 2022 - 31 March 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2023 of the Company and of the results of the Company operations for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Hobro, 19 September 2023

Executive Board

Kent Hejn Kristensen
CEO

Supervisory Board

Dr. Benedikt Benjamin Krings
Chairman

Florian Laxander

Hans Jörg Frieauff

Independent Auditor's report

To the shareholder of DS Flexhal A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2023 and of the results of the Company's operations for the financial year 1 July 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DS Flexhal A/S for the financial year 1 July 2022 - 31 March 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 19 September 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jens Weiersøe Jakobsen

State Authorised Public Accountant

mne30152

Thyge Belter

State Authorised Public Accountant

mne30222

Company information

The Company	DS Flexhal A/S Samsøvej 2 DK-9500 Hobro CVR No: 41 41 69 98 Financial period: 1 July 2022 - 31 March 2023 Incorporated: 3 June 2020 Financial year: 4th financial year Municipality of reg. office: Mariagerfjord
Supervisory Board	Dr. Benedikt Benjamin Krings, chairman Florian Laxander Hans Jörg Frieauff
Executive Board	Kent Hejn Kristensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a 3-year period, the development of the Company is described by the following financial highlights:

	2022/23	2021/22	2020/21
	TDKK 9 months	TDKK	TDKK
Key figures			
Profit/loss			
Revenue	942,047	1,227,228	1,059,795
Profit/loss of ordinary primary operations	89,422	109,918	87,190
Profit/loss before financial income and expenses	89,539	112,182	87,190
Profit/loss of financial income and expenses	1,439	-6,070	40,626
Net profit/loss	70,950	82,461	108,863
Balance sheet			
Balance sheet total	848,809	551,714	508,336
Investment in property, plant and equipment	155	1,600	289
Equity	321,704	250,906	168,863
Number of employees	61	55	47
Ratios			
Gross margin	14.1%	13.7%	12.8%
Profit margin	9.5%	9.1%	8.2%
Return on assets*	14.0%	20.3%	17.2%
Solvency ratio	37.9%	45.5%	33.2%
Return on equity*	33.6%	39.3%	64.4%

*For the Ratios the Profit/loss statement have been adjusted to a 12 months period, for the financial year 2022/23.

Management's review

Key activities

The Company's activities consist of the development, design and construction of commercial buildings as turnkey contracts.

Change of financial year

The company has chosen to change the financial year-end from 30 June to 31 March.

The reason for the change is the adaption to the new group relationship established.

The change imply that the financial year 2022/2023 has been shortened by 3 months and constitutes the period 1 July 2022 - 31 March 2023 or a total of 9 months, while the comparative figures for 2021/2022 in the annual accounts cover a period of 12 months.

Development in the year

The income statement of the Company for 2022/23 shows a profit of TDKK 72,381, and at 31 June 2023 the balance sheet of the Company shows equity of TDKK 323,135.

Management considers the results for the year satisfactory.

Outlook

No events have occurred between the balance sheet date and the date of signing the annual accounts which have a significant impact on the assessment of the company's financial position as of 31 March 2023.

Expectations for the future

The company has per at the balance sheet date a strong order backlog and pipeline, and on this basis the management expects an increase in both revenue and operating profit in the financial year 2023/24 as well as a profit margin at the level of 2022/23.

Special risks - operating risks and financial risks

Commodity prices

Building material prices saw historically large fluctuations in 2022. As the majority of construction projects are concluded as fixed-price contracts, the risk exposure to price increases in construction materials is significant. The risk is attempted hedged in the contract phases with developers and subcontractors by having the prices locked in, to the extent possible, immediately after conclusion of the contract with the developer, or by agreeing on indexing of the parts of the developer contract which reflect the identified price risks.

Currency risks

The Company's transactions with customers and suppliers in other countries are limited. Should a significant currency risk be identified, foreign exchange contracts or similar agreements are concluded to hedge fluctuations in the underlying exchange rate.

Interest rate risks

As a result of the Company's positive cash flow, changes in the interest rate level will have no impact on earnings.

Credit risks

The Company's credit risks are primarily related to its customers' ability to pay. To mitigate such risk, credit ratings are prepared for new customers and guarantees are obtained on usual terms for the construction industry.

Management's review

Intellectual capital resources

To maintain our strong position in the market, it is crucial that we are able to retain and develop current employees and attract new talented employees with the right skills.

Statement of corporate social responsibility

The Company is included in the consolidated financial statements of DS Gruppen A/S, CVR no 40 68 50 14, which prepares a corporate social responsibility report in accordance with section 99a of the Danish Financial Statements Act.

Statement on gender composition

Currently, the Company's Supervisory Board consists of three men. The Company's target is that, by 2025, at least one member of the Supervisory Board will be from the underrepresented gender, implying that by then, the Board will consist of two men and one woman, or, alternatively, three men and one woman if the target is most appropriately achieved by expanding the Supervisory Board.

It is the overall ambition of the Company to increase the representation of the underrepresented gender at the Company's other management levels.

Against this background, it is during recruitment emphasised that candidates of both genders are invited to apply, and that both genders are treated equally when they are assessed. Similarly, employees of the underrepresented gender are offered courses and further education on the same terms as employees of the overrepresented gender. Through competence development, employees showing the right potential, regardless of gender, will be considered for management positions in the Company.

The gender composition of the Company's other management levels is generally challenged by the industry trend of men making up a large proportion of the workforce. In Management's assessment, the current staff reflects the industry's distribution between men and women, but a targeted effort by the Company would increase the number of women in the other management levels.

The Company has not achieved its targets for the financial year 2022/23. In the previous financial year, DS Flexhal A/S changed owners. In that connection it has been essential to ensure management stability and in connection with the establishment of a new supervisory board. Against this background, the gender composition of the supreme governing body has been less of a focal point during the period.

Statement on data ethics

The Company is included in the consolidated financial statements of DS Gruppen A/S, CVR no 40 68 50 14, which prepares a statement of data ethics in accordance with section 99d of the Danish Financial Statements Act

Uncertainty relating to recognition and measurement

Recognition and measurement have not been subject to any material uncertainty beyond the usual uncertainties related to the construction industry. Likewise, we identified no unusual circumstances that could have affected recognition and measurement significantly.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 July 2022 - 31 March 2023

	Note	2022/23 TDKK 9 months	2021/22 TDKK 12 months
Revenue	1	942,047	1,227,228
Other operating income		117	2,264
Expenses for raw materials and consumables		-797,415	-1,046,207
Other external expenses		-12,177	-15,620
Gross profit		132,572	167,665
Staff expenses	2	-42,724	-55,182
Depreciation and impairment losses of property, plant and equipment		-309	-301
Profit/loss before financial income and expenses		89,539	112,182
Income from investments in associates	3	15	-1,365
Financial income	4	1,574	448
Financial expenses		-150	-5,153
Profit/loss before tax		90,978	106,112
Tax on profit/loss for the year	5	-20,028	-23,651
Net profit/loss for the year	6	70,950	82,461

Balance sheet 31 March 2023

Assets

	Note	2022/23 TDKK	2021/22 TDKK
Other fixtures and fittings, tools and equipment		1,306	1,460
Property, plant and equipment	7	1,306	1,460
Investments in associates	8	1,123	1,260
Receivables from group enterprises		150,000	0
Fixed asset investments		151,123	1,260
Fixed assets		152,429	2,720
Trade receivables		374,043	141,074
Contract work in progress	9	1,258	8,588
Receivables from group enterprises		93,887	58,600
Other receivables		383	5,029
Corporation tax		13,006	0
Prepayments	10	805	515
Receivables		483,382	213,806
Cash at bank and in hand		212,998	335,188
Current assets		696,380	548,994
Assets		848,809	551,714

Balance sheet 31 March 2023

Liabilities and equity

	Note	2022/23 TDKK	2021/22 TDKK
Share capital		6,250	6,250
Retained earnings		315,454	244,656
Equity		321,704	250,906
Provision for deferred tax	11	23,129	6,068
Other provisions	12	16,303	11,530
Provisions		39,432	17,598
Trade payables		247,316	107,707
Contract work in progress	9	191,069	118,116
Payables to group enterprises		25,465	7,905
Corporation tax		0	39,596
Other payables		23,823	9,886
Short-term debt		487,673	283,210
Debt		487,673	283,210
Liabilities and equity		848,809	551,714
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
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Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 July	6,250	244,656	250,906
Exchange adjustments	0	-152	-152
Net profit/loss for the year	0	70,950	70,950
Equity at 31 March	6,250	315,454	321,704

Notes to the Financial Statements

	2022/23 TDKK	2021/22 TDKK
1. Revenue		
Geographical segments		
Revenue, Denmark	942,048	1,217,938
Revenue, exports	0	9,290
	<u>942,047</u>	<u>1,227,228</u>

	2022/23 TDKK	2021/22 TDKK
2. Staff Expenses		
Wages and salaries	38,525	49,577
Pensions	1,349	1,731
Other social security expenses	100	124
Other staff expenses	2,750	3,750
	<u>42,724</u>	<u>55,182</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>61</u>	<u>55</u>
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	2022/23 TDKK	2021/22 TDKK
3. Income from investments in associates		
Share of profits of associates	15	0
Share of losses of associates	0	-1,365
	<u>15</u>	<u>-1,365</u>

Notes to the Financial Statements

4. Financial income

	2022/23 TDKK	2021/22 TDKK
Interest received from group enterprises	770	194
Other financial income	793	0
Exchange adjustments	11	254
	<u>1,574</u>	<u>448</u>

5. Income tax expense

	2022/23 TDKK	2021/22 TDKK
Current tax for the year	1,536	39,596
Deferred tax for the year	18,492	-15,945
Adjustment of tax concerning previous years	1,431	0
Adjustment of deferred tax concerning previous years	-1,431	0
	<u>20,028</u>	<u>23,651</u>

6. Profit allocation

	2022/23 TDKK	2021/22 TDKK
Reserve for net revaluation under the equity method	0	-34,280
Retained earnings	70,950	116,741
	<u>70,950</u>	<u>82,461</u>

Notes to the Financial Statements

7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 July	1,890
Additions for the year	155
Cost at 31 March	2,045
Impairment losses and depreciation at 1 July	430
Depreciation for the year	309
Impairment losses and depreciation at 31 March	739
Carrying amount at 31 March	1,306
Amortised over	3-8 years

	2022/23	2021/22
	TDKK	TDKK
Cost at 1 July	5,544	5,544
Cost at 31 March	5,544	5,544
Value adjustments at 1 July	-4,284	34,281
Exchange adjustment	-152	-418
Net profit/loss for the year	15	-1,366
Dividends received	0	-36,781
Value adjustments at 31 March	-4,421	-4,284
Carrying amount at 31 March	1,123	1,260

Investments in associates are specified as follows:

Name	Place of registered office	Ownership and Votes
Køge Logistics Center AS (under avvikling)	Norge	25%

Notes to the Financial Statements

	2022/23 TDKK	2021/22 TDKK
9. Contract work in progress		
Selling price of work in progress	942,139	1,434,831
Payments received on account	-1,131,950	-1,544,359
	-189,811	-109,528
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	1,258	8,588
Prepayments received recognised in debt	-191,069	-118,116
	-189,811	-109,528

10. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

	2022/23 TDKK	2021/22 TDKK
11. Provision for deferred tax		
Deferred tax liabilities at 1 July	6,068	22,013
Adjustment of deferred tax concerning previous years	-1,431	
Amounts recognised in the income statement for the year	18,492	-15,945
Deferred tax liabilities at 31 March	23,129	6,068

12. Other provisions

Other provisions includes warranty provisions related to completed contracts.

	2022/23 TDKK	2021/22 TDKK
Balance at 1. July 2022	16,303	11,530
	16,303	11,530

Notes to the Financial Statements

2022/23	2021/22
TDKK	TDKK

13. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

The following assets have been placed as security with Tryg Garanti:

Cash in bank account with balance mDKK 50

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	985	1,647
Between 1 and 5 years	1,611	374
	<u>2,596</u>	<u>2,021</u>

The company has entered into leasing contracts with associated companies with a remaining term of 6-12 months and a total obligation of a total of TDKK 1.080.

Guarantee obligations

There are the normal warranty obligations for the industry. Complaint costs are recognized in the income statement on an ongoing basis. The company has provided guarantees for a total of TDKK 801.889 (2021/22: TDKK 668.606).

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of DS Gruppen A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

14. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
DS Gruppen A/S, Mariagerfjord	Direct parent company
Ortwin Goldbeck Holding SE	Ultimate parent

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The entity is included in the consolidated Financial Statements of:

<u>Name</u>	<u>Place of registered office</u>
DS Gruppen A/S	Mariagerfjord

15. Fee to auditors appointed at the general meeting

With reference to section 96(3) of the Danish Financial Statements Act and to the disclosure on fee to auditors appointed at the general meeting in the consolidated financial statements of DS Gruppen A/S, the Company has not included a disclosure on fee to auditors appointed at the general meeting.

Notes to the Financial Statements

16. Accounting policies

The Annual Report of DS Flexhal A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022/23 of DS Gruppen A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of DS Gruppen A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Segment information on revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Income from investments in associates

The item "Income from investments in associates" in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-8 years
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Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in associates

Investments in associates are recognised and measured under the equity method.

The item “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the associates.

Associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of

Notes to the Financial Statements

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Treasury shares

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit before financials} \times 100 / \text{Revenue}$
Return on assets*	
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity*	